25X1

OUTGOING MESSAGE

Approved For Release 2005/04/21 : CIA-RDP78S01932A000100030067-2

SIGNAL CENTER USE ONLY

AGE | COI | ACP | TOG | TPE | MRO | TRI

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CLASSIFICATION

CONFIDENTIAL

MESSAGE HANDLING INDICATOR

DATE-TIME GROUP

CIA/OCI / WHIZ

CITE

740329

MESSAGE REFERENCE NUMBER

CIA/NMSS

25X1

SOURCE REF:

ROUTING

1		4		7		10	
2		5		8		11	
3		6		9		12	

[redacted]

INVOLVED

ITEM NO: 3 DATE: 29 MARCH 1974

25X1

SUBJECT: NIGERIAN TO INCREASING CONTROL OVER OIL INDUSTRY

[redacted]

IN A MEETING WITH REPRESENTATIVES OF GULF AND MOBIL ON TUESDAY, THE PERMANENT SECRETARY OF THE NIGERIAN MINISTRY OF MINES AND POWER PROPOSED 55-PERCENT GOVERNMENT PARTICIPATION IN EACH COMPANY'S OPERATION. THIS WOULD BECOME EFFECTIVE APRIL 1, WITH COMPENSATION BASED ON UPDATED BOOK VALUE.

THE NIGERIAN OFFICIAL MADE CLEAR THAT THE SAME TERMS WILL BE APPLIED TO OTHERS. THE ANNOUNCEMENT, WHILE CONSIDERED MODERATE BY THE COMPANIES, REPRESENTS A SHORTENED TIMETABLE FOR GOVERNMENT CONTROL OF THE OIL INDUSTRY. IN ITS LAST PARTICIPATION AGREEMENT, CONCLUDED WITH SHELL-BP IN MID-1973, LAGOS TOOK ONLY 35 PERCENT

DATE:
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CLASSIFICATION

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E 2 IMPDET
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FORM 4-73 4C USE PREVIOUS EDITIONS

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CONTROL; THIS WAS TO INCREASE TO 51 PERCENT BY 1982. THE GOVERNMENT HOLDS 33 AND 35 PERCENT OWNERSHIP IN THE TWO OTHER MAJOR PRODUCERS, AND HAS AGREEMENTS TO TAKE 51-PERCENT EQUITY IN ALL NEW CONCESSIONS WHEN OIL IS FOUND IN COMMERCIAL QUANTITIES.

IF 55-PERCENT AGREEMENTS ARE CONCLUDED WITH ALL SIX NIGERIAN PRODUCERS IN NIGERIA, PARTICIPATION AND ROYALTY OIL AVAILABLE FOR SALE BY THE GOVERNMENT COULD TOTAL 570,000 BARRELS PER DAY FOR THE NEXT 12 MONTHS. E-2 IMPDET.#

(SPECIAL DISTRIBUTION: NEA DIV AND NIO [redacted]

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